

JUN 17 1956

# Pentagon Planning to Curb Spending by Research Firm

By RICHARD FRYKLUND  
Star Staff Writer

The Pentagon plans to keep a tighter rein on a local defense research company criticized in a congressional study.

The report on Defense Department contracts with the Institute for Defense Analyses (IDA), made by the staff of the House Defense Appropriations subcommittee, was made public yesterday in large part in a published volume of the subcommittee hearings.

With the charges which Chair-

man George H. Mahon, D-Tex., said "indicate a considerable laxness on the part of the Department of Defense in administering contracts with IDA in the past"—were replies from the Pentagon's research chief, Dr. John S. Foster Jr.

Foster said past contracts with IDA are being audited and that future contracts will be modified. He disagreed with much of the criticism of the congressional report, however.

## Expenses Rapped

The report, in effect, said that IDA has charged off many unnecessary expenses to the government, including expensive rental of furniture, excessive salaries and personal expenses (including the monthly bills incurred by a past president of IDA at the Metropolitan Club) and "luncheons, cocktail parties and dinners for guest employees, prospective employees and visitors."

A spokesman for IDA said today that judging from news stories, the subcommittee report distorts the facts. Norman Christeller, vice president and general manager of IDA, said IDA has not been shown either the original report or Foster's comments.

"We feel certain that when we have an opportunity to reply the record will be corrected," Christeller said.

IDA is a nonprofit organization designed to be a link between the Defense Department

and university scholars, Foster said. All of its \$73.2 million in contracts since its organization in 1956 have been with the Pentagon, Mahon said.

Foster defended IDA and groups like it, saying they provide an "environment" which attracts talent from leading universities. IDA pay scales are not out of line with salaries elsewhere for men with similar qualifications, he said.

Retired Gen. Maxwell D. Taylor, former ambassador to Viet Nam, will be the next president of IDA, it was announced this week.

## Spending Latitude

Much of the difference between the committee's study, the Pentagon and IDA centers on the use of "management fees" of about five percent paid on each contract. The fees are roughly similar to profits, and IDA officials apparently have enjoyed wide latitude in spending them on improvements in the environment.

Foster said the fees are set by the contracts and that the spending of the money is supervised by the Pentagon. In the future, he indicated, the fees will be reduced and the supervision tightened.

Most of the fee money has been used to accumulate about \$2 million in capital, he said. Now that IDA is financially sound, Foster indicated, the fees can be cut.